

BUDGET 2022 VERY RECOVERY FOCUSED BUT MISSES LONG TERM DIGITAL ASPIRATIONS

Petaling Jaya, 1 November, 2021: PIKOM applauds the Government for announcing perhaps one of the most difficult budgets and the need to balance between the people, business and the economy.

Specifically, PIKOM welcomes extension of the special RM2,500 tax relief for purchase of handphones, computers and tablets seeing that these tech-related items are today regarded as a necessity for every household.

PIKOM Chairman, Danny Lee mentioned, "The Covid-19 pandemic and even during this national recovery period has resulted in the increased need for tech devices for businesses and students. We are very pleased that MOF has decided to continue with the special relief of RM2,500."

PIKOM views that the technology industry will continue to source for skilled talents, therefore the need to reskill and upskill Malaysians are imperative. The tax deductions for upskilling courses would boost this effort and complement the JaminKerja initiatives in creating job opportunities. Currently, PIKOM is collaborating with HRDCorp and MDEC on place and train programmes. Training programmes such as Data Analytics, Cybersecurity and Artificial Intelligence have been in demand both in training and job openings. The focus on TVET with an allocation of RM6billion is lauded. PIKOM is also appreciative of the emphasis on women in the budget including providing incentives for mothers at work and mandating public listed companies to include women in leadership positions. Through our Women in Tech (WIT) Chapter initiative, it is our hope that these efforts would continue. The efforts to provide employment opportunities for the differently-abled, marginalized and unemployed is highly commendable.

The government's pivot to cloud is also long overdue and it is hoped that this will spur the uptake of cloud services in the public sector. The allocation for IR4 transformation, drone industry development, e-sports and start-ups augurs well for the digital agenda. These are aligned to the MyDigital initiatives.

On another note, EPF extending the reduced minimum contribution rate of 9% until June 2022 will greatly assist employees during this difficult period. This should return to the current prevailing rate in 2023 or earlier as the situation warrants.

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There is also a need to provide additional clarity on the service tax for delivery services including e-commerce and sales tax on low value goods imported through online merchants. The tax exemption for Digital Ecosystem Acceleration Scheme is lacking in details and how this will overlap with the current MSC Malaysia tax incentives.

While there have been some noteworthy inclusions in Budget 2022 and the need to cushion the rakyat from the effects of the pandemic, it is regrettable that not enough is provided for the digital and tech industry. We hope that this can be rectified in the future budgets.

About PIKOM

PIKOM, THE NATIONAL TECH ASSOCIATION OF MALAYSIA, is the association representing the technology industry in Malaysia. Its membership currently stands at more than 1,000 active companies involved in a whole spectrum of tech products and services, and which command 80% of the total TECH business in Malaysia.

There are 6 Chapters under PIKOM: OM; CIO; Cybersecurity; E-Commerce; Venture Investment and Women in Tech. These chapters help improve and drive the business climate for all member companies, together with promoting industry growth in line with national aspirations.

As the Voice of the Tech Industry, PIKOM embraces the task of growing the size and capabilities of the tech industry in Malaysia by creating opportunities for its members as well as all Malaysians to capture the benefits offered by advances in technology

For more information, visit www.pikom.org.my

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